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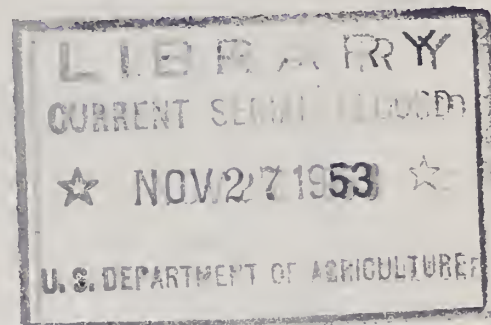
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The

DEMAND AND PRICE SITUATION

WASHINGTON, D. C., NOV. 1953



Approved by the Outlook and Situation Board, November 20, 1953

SUMMARY

Economic activity in recent months has been only slightly below the record level of the second quarter of this year. Total Government expenditures held near the second quarter rate as a moderate decline in spending for national security programs was offset by small increases in other Federal and in State and local Government outlays. Business investment in new plant and equipment was at a peak in the third quarter but is scheduled to taper off in the latter part of this year. Construction activity in October was at a high for the month with commercial construction rising to a record in contrast to the usual seasonal decline. High incomes and a further gradual rise in credit buying supported retail sales in September and early October at levels a little below the high rates of the second quarter. Business inventories were accumulated at an annual rate of 4.5 billion dollars in the third quarter, compared with 8.8 billion in the second. Increases occurred at both the retail and manufacturing levels.

Farmers cash receipts in the first 10 months of this year totaled about 5 percent less than in the same period of 1952. A larger quantity of products was marketed but prices were lower. The index of prices received by farmers declined about 2 percent during the month ending mid-October, largely because of seasonally lower prices for hogs, cattle and corn. Prices paid by farmers also eased off slightly and the parity ratio fell 1 point to 91 compared with 99 in October 1952.

Industrial production in October changed little from September as larger production of automobiles and steel was approximately offset by reduced output of minerals and some decline in petroleum refining. However, the index was about 3 percent below the high second quarter rate as some industries reduced output in an effort to limit inventory accumulation. Employment in manufacturing industries, after adjustment for seasonal variation, declined slightly during the third quarter as output eased off. Personal income payments in September were down a little from the July peak, but the rate for the third quarter was 2.4 billion dollars above the 284.4 billion in the second quarter, and a record.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1952		1953			
		Year	Oct.	July	Aug.	Sept.	Oct.
Industrial production ^{1/}							
Total	1935-39=100:	219	230	232	235	232	p232
All manufactures.....	do.	230	242	244	247	243	p245
Durable goods	do.	280	300	311	309	303	p307
Nondurable goods	do.	189	195	191	198	195	p194
Minerals	do.	160	164	164	167	167	p162
Construction activity ^{1/} #							
Contracts, total	1947-49=100:	183	210	172	205	218	
Contracts, residential	do.	181	185	175	184	180	
Wholesale prices ^{2/} #							
All commodities	1947-49=100:	112	111	111	111	111	110
All commodities except farm and food	do.	113	113	115	115	115	114
Farm products	do.	107	105	98	96	98	95
Processed foods	do.	109	108	106	105	107	105
Prices received and paid by farmers ^{3/}							
Prices received, all products...	1910-14=100:	288	282	259	258	256	250
Prices paid, interest, taxes, and wage rates	do.	287	284	279	279	277	276
Parity ratio		100	99	93	92	92	91
Consumers' price ^{2/} ^{4/} #							
Total	1947-49=100:	114	114	115	115	115	
Food	do.	115	115	114	114	114	
Income							
Nonagricultural payments ^{5/} ...	Bil. dol.	249.9	258.0	270.6	270.7	269.6	
Production worker pay rolls ^{2/} #	1947-49=100:	135.3	145.7	149.1	151.7	148.6	
Weekly earnings of production workers ^{2/} #							
All manufacturing	Dollars	67.97	70.38	71.51	71.69	70.49	
Durable goods	do.	73.04	76.38	76.89	77.27	76.36	
Nondurable goods.....	do.	60.98	62.06	63.76	63.76	62.92	
Employment							
Total civilian ^{6/}	Millions	61.3	61.9	63.1	63.4	62.3	62.2
Nonagricultural ^{6/}	do.	54.5	54.6	55.5	56.1	55.0	55.1
Agricultural ^{6/}	do.	6.8	7.3	7.6	7.3	7.3	7.2
Government finance (Federal) ^{7/}	Million						
Income, cash operating	dollars	5,950	3,418	3,615	5,526		
Outgo, cash operating	do.	6,082	6,514	6,001	6,720		
Net cash operating income or outgo	do.	-132	-3,097	-2,386	-1,193		

Annual data for the years 1929, 1932 and 1935-52 appear on page 26 of the April 1953 issue of the Demand and Price Situation.

^{1/} Federal Reserve Board. Construction activity revised to 1947-49 base. ^{2/} U. S. Department of Labor, Bureau of Labor Statistics. ^{3/} U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. ^{4/} Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. ^{5/} U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. ^{6/} U. S. Department of Commerce, Bureau of the Census. ^{7/} U. S. Department of Treasury. Data for 1952 are on average monthly basis.

Revised series. p= Preliminary.

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Consumer prices continue slightly above a year ago with most of the increase due to higher charges for transportation, rent, medical care and some other services. The index of wholesale prices of all commodities has held relatively steady so far this year. Moderate price increases for industrial products have approximately offset the gradual decline in average prices of farm products.

Commodity Highlights

Market prices for stocker and feeder cattle have moved up since mid-October under the stimulus of increased demand. Prices of the better grades have held relatively close to current prices since mid-July. Hog prices have been declining seasonally with the increase in marketings from the spring pig crop. Markets for dairy products strengthened somewhat in late October and early November under the influence of seasonally declining production and steady demand. Egg prices are declining seasonally, and in early November most wholesale quotations were below a year earlier. Prices for the reduced 1953 output of turkeys in early November were slightly above a year earlier. Prices of edible vegetable oils were firm in November, with prices of both cottonseed and soybean oil close to the announced CCC minimum domestic sales level for cottonseed oil. The mid-October index of prices received by farmers for feed grains was 14 percent lower than a year earlier, and the index of wholesale prices of high-protein feeds was down 26 percent. Prices of cash winter wheat and spring wheat on November 18 averaged 25 and 37 cents above their August low points. Supplies of most fresh fruit usually marketed in heavy volume in late fall are expected to be slightly larger in December this year than in the same month of 1952. Commercial supplies of fresh vegetables this fall are expected to be near the 1949-51 average, but 2 percent less than in 1952. Market prices for potatoes in late October and early November have been generally stable at levels considerably lower than a year earlier. The 1953 cotton crop, estimated as of November 1 at 15.9 million running bales, together with the carryover and estimated imports gives a total supply of 21.5 million bales, a postwar record. Consumption of apparel wool by domestic mills during January-August was about 15 percent above last year, but imports for consumption during the same months were about 21 percent below those of 1952. Prices for flue-cured tobacco, the bulk of which has now been marketed, through mid-November averaged 8 percent above the comparable average of last season.

GENERAL BUSINESS CONDITIONS

The general level of economic activity in October continued only slightly below the record of the second quarter. Outlays for new construction rose to new highs for the month. Passenger car assemblies and steel output increased and offset curtailed petroleum refining and minerals production. Total employment declined less than usual for the month and remained high.

Consumer Incomes and Spending
Hold Near Record

Personal income in the third quarter was at a seasonally adjusted annual rate of 286.8 billion dollars, 2.4 billion dollars higher than in the second quarter. However, personal income declined slightly during the quarter and in September the rate was 1.7 billion dollars less than the record of July. The August-September decline stemmed mainly from a drop in factory payrolls, reflecting a slight dip in employment and some shortening of the average workweek in manufacturing industries.

In addition to record personal incomes, consumer credit continued to be a factor in the financing of consumer buying. New credit extended exceeded repayments, and consumer credit outstanding totaled 27.6 billion dollars at the end of September, 537 million dollars more than at the end of June. But this gain was much less than the 1,375 million increase in the second quarter, largely because of a decline in sales of automobiles and some other consumer durables.

Personal consumption expenditures advanced slightly in the third quarter, to an annual rate of 231 billion dollars. A continued rise in spending for services offset small declines in outlays for durable and nondurable goods.

Retail sales in September and early October were a little below the advanced rates in the second quarter. Sales in September continued the slow decline that began in August. Furniture and appliance store sales were down 3 percent and sales by automobile dealers shaded off slightly. Most major groups of nondurable stores also registered small decreases from August to September. Retail inventories continued to accumulate during the third quarter with most of the gain in automobiles and apparel. Department store sales in September (after seasonal adjustment) were down about 5 percent from August and 2 percent from a year earlier. Sales by department stores in October rose 4 percent from the reduced September rate, but were about 4 percent less than in October 1952.

Investment High But
May Taper Off

Total private investment was at an annual rate of 56.5 billion dollars in the third quarter, down 4.5 billion from the record outlays for the second quarter, largely because of a slower rate of inventory

accumulation. Outlays for producers' durable equipment rose a little from the second quarter. Expenditures for new construction showed a small decline because of the tapering off in residential construction.

Business outlays for new plant and equipment rose to a record annual rate of 28.4 billion dollars in the third quarter, according to a survey made in August by the Securities and Exchange Commission and the Department of Commerce. However, businessmen reported that new capital outlays planned for the fourth quarter would be 5 percent less than in the third. A McGraw-Hill survey of investment intentions for 1954 indicated that total business spending for new plant and equipment would be down about 4 percent from the 27.8 billion dollars estimated for 1953. Capital outlays planned by manufacturing industries are around 8 percent lower, with increases of 15 percent for automobile manufacturers and 10 percent for electrical machinery being more than offset by substantially smaller capital expenditures in a number of other industries. Spending for plant and equipment by the petroleum industry is scheduled to be only slightly lower, but decreases of 9 to 14 percent are indicated for such industries as transportation equipment, machinery, textiles, and chemicals. A decline of nearly one-fourth is anticipated in the steel industry. However, reported intentions of public utilities, mining, and a group composed of commercial, miscellaneous and transportation industries were for investment in plant and equipment to continue at 1953 levels.

Construction Activity Continues High

New construction outlays in October totaled 3.2 billion dollars compared with 3.3 billion in September and were a record high for the month. Commercial, educational and religious building each rose contraseasonally to new monthly highs. Highway work decreased less than seasonally. All other major categories showed the usual changes for this time of year. During the first 10 months of this year, outlays totaled 29.1 billion dollars, 7 percent above 1952. Physical volume (expenditures adjusted for price changes) was up about 3 percent from last year. Almost two-fifths of the dollar gain in the January-October period was in private residential building. Commercial building--stores, restaurants, and garages--accounted for about one-fourth, and most of the remainder of the rise was in highway construction and in privately owned public utilities. New housing starts in October were down about 11 percent from a year earlier. After allowance for seasonal variations, private housing starts were at an annual rate 17 percent below the recent peak in February.

Inventories Continue To Rise

Business inventories, after adjustment for seasonal variation, totaled 79.3 billion dollars at the end of September, 1.8 billion higher than at the end of June. This compares with a gain of about 2.2 billion during the second quarter. Retail stocks increased nearly 700 million dollars in the third quarter compared with about 475 million in the

second. Over 400 million of the third quarter rise was in automotive products. A large part of the increase in nondurable stocks was in apparel stores. Most of the inventory gain at the manufacturing level during the third quarter was in durable goods but stocks of nondurables also increased.

National Security Expenditures Lower

Government spending for national security programs was at an annual rate of 52 billion dollars in the third quarter, 1 1/2 billion less than in the preceding quarter. However, this decline was offset by small increases in state and local and other Federal Government outlays. Treasury expenditures in October indicate that outlays for major national security programs may have slipped off a little further in the early part of the fourth quarter. A large part of the decline appears to be in foreign Mutual Security Programs.

Output and Employment

The gross national product--the dollar value of the Nation's output of goods and services--was at a seasonally adjusted annual rate of 369.0 billion dollars in the third quarter, down 3.4 billion from April-June. Since prices in general were fairly stable over this period, this decline represents a slight reduction in output of goods and services from levels earlier in the year. This reflected in part attempts to limit the accumulation of inventories and curtailment of automobile production in order to retool for new models.

Industrial Production Levels Off

The Federal Reserve Board's index of industrial production in September and October was 232 percent of the 1935-39 average, down 3 percent from the unusually high level of the first half of the year. Output of durable goods in October rose slightly from September. Steel mill operations turned up at the end of September and in October were scheduled at an average rate of nearly 95 percent of capacity, compared with 92 percent in September. Motor vehicle output also expanded in October, as the number of passenger cars assembled rose 13 percent. However, truck production was sharply curtailed late in the month, due partly to model changeovers. The industry reports that it is planning to reduce production of passenger cars in November, possibly as much as a fourth. Production of major household goods was reduced further in September and October from the lowered summer levels. Output of non-durables edged off slightly from September with another small decline in petroleum refining. Minerals also were down with a further curtailment in early October of output of crude petroleum.

Manufacturers' sales of nondurable goods rose as usual in September, but the increase in sales of durables was less than seasonal. There was a small seasonal rise in new orders. But as in the previous 6 months, new orders were exceeded by sales, and the backlog of orders declined 2.8 billion dollars, primarily because of a 4 percent drop in unfilled orders for durables.

Employment Still High

Employment in early October totaled about the same as September, about 1.2 million less than the record of 63.4 million in August. The number employed in nonagricultural industries changed little during the month. However, the labor force eased off slightly mostly because of the reopening of schools, and unemployment was down a little from the relatively low figure of the two previous months to about 1.8 percent of the labor force. Farm employment in late October was about a million below a month earlier, as the harvesting season was drawing to a close in most parts of the country.

Although population was more than $2\frac{1}{2}$ million persons larger than a year ago, the civilian labor force and employment in October were about the same. A small increase in the number of males employed was about offset by a decrease in the number of employed females.

Table 1.- Indexes of prices received and paid by farmers,
October 1953, with comparisons

Group	(1910-14=100)					
	: Oct. 15, :		: Sept. 15, :		: Oct. 15, :	
	: 1953 :		: 1953 :		: 1952 :	
	: :		: :		: Oct. 15, 1953 per- centage change from Sept. 15, 1952 :	
All farm products	250	256	282	- 2	- 11	
All crops	231	234	260	- 1	- 11	
Food grains	223	219	240	2	- 7	
Feed grains and hay	187	200	219	- 6	- 15	
Cotton	274	279	311	- 2	- 12	
Tobacco	439	452	429	- 3	2	
Oil-bearing crops	255	251	304	2	- 16	
Fruit	214	221	215	- 3	1/	
Truck crops	175	159	189	10	- 7	
Vegetables	161	172	285	6	- 44	
Livestock and products	267	276	301	- 3	- 11	
Meat animals	273	299	328	- 9	- 17	
Dairy products	283	274	316	3	- 10	
Poultry and eggs	236	231	228	2	4	
Wool	299	297	283	1	6	
Prices paid, interest, taxes and wage rates	276	277	284	1/	- 3	
Family living items	270	270	269	0	2/	
Production items	246	247	269	1/	- 9	
Parity ratio	91	92	99	- 1	- 8	

1/ Less than 0.5 percent decrease.

2/ Less than 0.5 percent increase.

COMMODITY PRICES

The index of Prices Received by Farmers on October 15 was 250 percent of the 1910-14 average, down 2 percent from September and 11 percent from October 1952. Seasonally lower prices for hogs, cattle and corn during the month were only partly offset by increases in prices of milk, eggs, and wheat. Lower prices for feed and feeder livestock were primarily responsible for the one point drop in the Parity Index (prices paid by farmers, including interest, taxes and wage rates). With farm product prices dropping more than prices paid by farmers for commodities and services, the Parity Ratio declined 1 point to 91 in mid-October, 8 percent under a year earlier and the lowest ratio since May 1941.

Central market prices in mid-November for some major farm products eased off further from mid-October. Average weekly prices at Chicago were down 7 percent for barrows and gilts, 4 percent for steers, and 2 percent for slaughter cows. Corn at Chicago and oats and barley at Minneapolis were down about 1 percent from mid-October, while the 10-market average price for Middling 15/16 inch cotton continued weak. The price for 92-score butter at Chicago was 3 percent lower. On the other hand, soybean prices at Chicago rose 7 percent, the price of No. 2 Hard Winter wheat at Kansas City was up more than 2 percent, and prices at Minneapolis for rye and flaxseed were also higher.

Table 2.- Indexes of wholesale and basic commodity prices, selected groups, November 17 with comparisons

Group	(1947-49=100)				
	November 17, 1953				
	: Nov. 17, 1953	: Oct. 20, 1953	: Nov. 18, 1952	: percentage change from Oct. 20, 1953	: Nov. 18, 1952
	:	:	:	:	:
<u>22 Basic Commodities</u>					
All commodities	87.7	86.2	91.5	1.7	- 4.2
Foodstuffs	93.3	94.6	86.3	- 1.4	8.1
Raw industrial	83.9	80.8	95.1	3.8	-11.8
Livestock and products	70.2	69.4	63.1	1.2	11.3
Metals	89.5	85.8	108.4	4.3	-17.4
Textiles and fibers	87.5	87.6	93.4	- .1	- 6.3
Fats and oils	70.6	67.7	58.3	4.3	21.1
<u>Wholesale prices</u>					
All commodities	109.8	110.0	110.3	- .2	- .5
Farm	93.2	94.5	102.6	- 1.4	- 9.2
Food, processed	103.9	104.2	105.3	- .3	- 1.3
All other than farm and food	114.6	114.6	113.0	0	1.4

The all commodity index of wholesale prices in mid-November was about the same as in mid-October. Farm product prices averaged 1 percent lower, but prices for processed food dipped slightly, and prices for the all other than farm and food group averaged about the same over the period. The index was down slightly from a year ago, as a 9 percent drop in farm product prices was only partly offset by slightly higher average prices for industrial products. The index of 22 basic commodity prices on November 17 was 2 percent above mid-October. Metals averaged 4 percent higher, with moderate gains in the prices of tin, lead scrap, and copper scrap and an increase of 10 percent for steel scrap. Prices for burlap rose 7 percent and cocoa beans 11 percent. Prices for livestock and products were 1 percent higher as a gain of 38 percent for tallow more than offset declines of 3 percent for butter and hogs, 4 percent for steers, 6 percent for hides, and 11 percent for lard. Prices for print cloth and sugar were down about 5 percent.

The Consumer price index for urban families reached a new high in mid-September, but was less than 1 percent higher than a year earlier. Largest increases over the month were for apparel, rent and medical care. Food prices shaded off a little. Rural family living costs declined in September and leveled off in October, as slight downturns in prices paid for food, household supplies, and motor supplies offset minor upturns in prices of clothing and building materials.

FARM INCOME

Farmers received about 24.3 billion dollars from marketings in the first 10 months of 1953, 5 percent less than in the same period of 1952. Lower prices this year are only partly offset by increased marketings.

Receipts from livestock and livestock products from January through October were around 14.2 billion dollars, 7 percent below 1952. Receipts from meat animals were down rather sharply, mainly because of lower prices for cattle and calves. Receipts from wholesale milk, butterfat, and sheep and lambs were also lower. Crop receipts for the 10-month period were about 10.6 billion dollars, 2 percent less than last year. Receipts from wheat, soybeans, potatoes, truck crops, and cotton were all below the corresponding period of 1952.

Total cash receipts in October were approximately 3.7 billion dollars, 17 percent above September, but 6 percent less than a year ago. Prices were down slightly from the previous month and 11 percent below October of last year. Receipts from livestock and products in October were about 1.6 billion dollars, 12 percent more than in September, but 10 percent less than a year earlier. Crop receipts were around 2.1 billion dollars, 21 percent above September but 4 percent below last October.

LIVESTOCK AND MEAT

Market prices for stocker and feeder cattle have moved up since mid-October under the stimulus of increased demand. Cattle feeders have developed somewhat more confidence and demand has picked up for cattle to go on the improved wheat pastures and to clean up harvested fields. Prices

of the better grades of slaughter cattle have held relatively close to current levels since mid-July. Over-all marketings of cattle are passing their seasonal peak and exceed last year's marketings by a smaller margin than in recent months.

Fewer cattle are going on feed this fall than last, and fed cattle prices are expected to hold up well. Prices of feeder cattle will likely show general strength and will probably begin a trend toward their usual seasonal peak in early spring.

Hog prices have been declining seasonally with the increase in marketings of spring pigs. By early November barrow and gilt prices at Chicago had declined nearly \$4.50 from their September average. As marketings pass their peak an upturn in prices is likely late this year. Hog prices will probably continue above year-ago levels this winter.

Receipts and prices of sheep and lambs, particularly of feeder lambs, at central markets have been erratic during recent weeks. In view of the price declines that already occurred and the prospective smaller volume of lamb feeding this winter, slaughter lamb prices will likely increase somewhat in late fall or early winter.

DAIRY PRODUCTS

Dairy markets strengthened somewhat in late October and early November under influence of seasonally declining milk production and steady demand. By mid-November, however, wholesale prices of butter had lost most of previous gains and were below a year earlier. Prices of most other manufactured items also were slightly lower than last year. In November 1952, prices of manufactured dairy products were gradually receding toward support levels and sales of butter to the U. S. Department of Agriculture began on November 23, after a lapse of more than 2 years. The price paid by dealers for milk used in fluid distribution in November 1953 was \$5.24 per hundredweight compared with \$5.69 a year earlier.

Production of milk in October 1953 was at an annual rate of 119 billion pounds, compared with 115-117 in late summer, 118 in October 1952, and 123 billions most of last winter. Milk flow usually reaches the lowest monthly output for the year in November, then increases until the following June.

Output of manufactured dairy products has been seasonally below current consumption rates and some withdrawals from storage have occurred. Recent sales of butter to the Government under price support have been relatively small, but significant quantities of cheese have been sold and sales of dry milk are moderately large. Stocks of dairy products in the United States, including Government holdings, are a record for this time of year.

POULTRY AND EGGS

Egg prices are declining seasonally. On a U. S. average basis, the price of 53.3 cents per dozen received by farmers in mid-October was 1.4 cents above the peak mid-month price of the year before, but by early November the decline had carried most wholesale quotations to levels below the corresponding 1952 dates.

Egg production on farms is increasing seasonally from the low point reached in early September. For the past 5 months, monthly output has exceeded that of 1952. On November 1, the rate of egg output on farms was 9 percent above a year before.

Storage stocks of shell eggs on November 1, while down to the lowest level reported for the date, are not an important determinant of fresh egg prices at this time of year. Stocks of frozen egg totaled 87 million pounds, 9 percent below the November 1952 holdings.

Prices of small size turkeys have risen appreciably with the approach of the holidays. Prices of large toms have been about steady, but are still somewhat above a year earlier. Prices a year ago were so low as to have resulted in a USDA purchase program, and 1953 output was cut considerably. The reduced supply this year contributed to the slightly higher prices; which, coupled with lower feed costs, are stimulating plans in the turkey industry for a larger 1954 crop. Early reports on breeder turkeys blood tested show considerable increase over last year.

Broiler prices in early November were near the lowest levels of the year to date in several of the specialized producing areas. Until 1952, prices in the last few months of the year were usually below the annual average. In 1952, however, prices toward the end of the year were the highest of the season. Broiler marketings toward the end of the year are typically small, because of the seasonally small supplies of hatching eggs in late summer and fall. But supplies of other poultry--hens and turkeys-- are at their peak in the last quarter of the year.

FATS, OILS AND OILSEEDS

Prices for both cottonseed and soybean oil in November remained close to the announced CCC minimum domestic sales level for cottonseed oil. Demand for edible oils has been good and commercial supplies have been limited. The Government owns most of the carryover of edible oils and as of mid-November, tenders of 1953 crop cottonseed oil to CCC under the support program for cottonseed totaled 162 million pounds, compared with 245 million a year earlier. Usually, soybean oil sells for less than cottonseed oil. This crop year, however, prices of the two oils have been about the same. Not only have soybean oil stocks been small, but the 1953 soybean crop is the smallest since 1949. In the past month, lard prices declined to levels more in line with those of the edible oils. Lard prices had been unusually high the last two or three months, reflecting an end of season shortage.

Soybean prices have risen above the support level after having been below during most of October. This reflects a strong export demand and heavy bidding by the crushing industry for the comparatively small crop. In November, market price indicated that farmers probably obtained support prices for their cottonseed but prices received for flaxseed were below support. In general, meal prices are low compared with last year and tend to exert downward pressure on oilseed prices--prices of all three oilseeds are below last year's level. Lower linters prices than last year also help depress cottonseed prices.

The November crop report indicates no change from last month in prospective supplies of fats and oils for the 1953-54 marketing year. A little more cottonseed oil will be available but will be offset by some reduction in soybean oil. Hence, the outlook still is for a "tight" commercial supply situation for edible fats.

CORN AND OTHER FEED

The seasonal decline in corn prices this fall was earlier than usual, reflecting the early maturity of the 1953 crop. The average price received by farmers dropped to \$1.34 per bushel by mid-October, 26 cents below the National average support price of \$1.60 per bushel. Substantial quantities of 1953 corn are expected to be placed under price support, which would have a strengthening effect on the price later in the 1953-54 marketing year. The October index of prices received by farmers for feed grains was 14 percent lower than a year earlier, and the index of wholesale prices of high-protein feeds was 26 percent lower. Both indexes were at the lowest level in more than 3 years.

The total supply of feed concentrates is estimated at 171 million tons, a little larger than in 1952-53, both in total and per animal unit. The 1953-54 corn supply of 3,944 million bushels is 4 percent larger than last year, and only 3 percent below the record supply in 1949-50. The 117 million tons of feed grains produced this year is 3 percent smaller than last year, but appears to be sufficient to take care of 1953-54 requirements and leave a near-record carryover into the 1954-55 feeding year.

WHEAT

Cash winter wheat prices on November 18 were about 25 cents above the level on August 10, preceding the referendum vote. Prices of spring wheat reached a low point on August 19, and on November 18 were about 37 cents higher.

Recent strengthening in wheat prices reflects large Government holdings under price support programs and relatively small "free" stocks. As of mid-November the CCC owned 427 million bushels of 1952-crop wheat. Movement of 1953-crop wheat under loan and purchase agreement totaled 350 million bushels by mid-October, compared with 312 million bushels for the same period of 1952.

Total wheat supplies for the 1953-54 marketing year are estimated at about 1,730 million bushels, consisting of the carryover July 1, 1953 of 562 million bushels, a crop of 1,163 million and likely imports (largely feeding quality wheat) of about 5 million bushels. Domestic disappearance may total about 700 million bushels, slightly above the 690 million bushels in 1952-53. If exports total as much as 225 million bushels, the carryover on July 1, 1954 would be around 800 million bushels, compared with the 1942-51 average of 335 million bushels.

FRUIT

Supplies of most fresh fruit usually marketed in heavy volume in late fall are expected to be slightly larger in December this year than in the same month of 1952. As marketings of citrus increase this fall, demand

for citrus for processing and for the fresh market Christmas trade is expected to be strong. Late fall and early winter supplies of oranges are expected to be a little larger than last year, and considerably more grapefruit is in prospect. Exports of oranges and grapefruit will be assisted by the recently announced export-payment programs.

Demand for grapes probably will continue strong in late fall and early winter. With harvest completed earlier than in 1952 and most Emperor grapes put into storage, cold storage holdings of fresh grapes on October 31 this year were about 30 percent larger than a year earlier. Increased supplies are in prospect for cranberries. Cold storage stocks of pears at the end of October were up 1 percent from a year earlier, those of apples were about 2.6 percent larger.

On November 1, 1953, the beginning of the new season for processing Florida citrus, stocks of canned citrus sections, salad, and juices held by Florida packers were much smaller than the relatively light stocks of recent years. Stocks of frozen orange juice were about a fourth smaller than a year earlier. With reduced stocks and larger crops, some increase in output of canned and frozen citrus fruits and juices in Florida seems likely in 1953-54. Mainly as a result of record large packs of frozen cherries and strawberries, cold-storage holdings of frozen deciduous fruits and berries were about 19 percent larger on October 31, 1953 than a year earlier.

COMMERCIAL VEGETABLES

For Fresh Market

Commercial supplies of fresh vegetables this fall are expected to be near the average of 1949-51, but 2 percent less than in 1952. Supplies of cabbage and onions in storage are considerably larger than a year earlier. Acreage of kale for winter-harvest is indicated to be down slightly from last winter, while the cabbage and shallot acreages are down substantially. Consumer incomes and the demand for fresh vegetables this fall and winter probably will continue near current high rates.

For Commercial Processing

Indications are that supplies of canned and frozen vegetables packed this year are generally sufficient to maintain consumption at the high rates of recent years, with no great change in the general level of prices.

POTATOES AND SWEETPOTATOES

With harvest of potatoes in all areas virtually completed, market prices in late October and early November have been generally stable at levels considerably lower than a year earlier. Movement of potatoes from late-crop areas thus far this season appears to be lagging behind last year. This fact together with the 3 percent larger late crop suggests the likelihood of larger stocks next January 1 than a year earlier.

The larger sweetpotato crop this year than last is responsible for the lower prices now being received by farmers than the record high prices received for the short crop of a year earlier. The seasonal low in prices is usually reached in October or November.

COTTON

The 1953 cotton crop was estimated as of November 1 at 15.9 million running bales (16.1 million 500 pound bales). The crop together with the starting carryover and estimated imports gives a total supply of 21.5 million bales, the largest since the 1944-45 marketing year. Disappearance is estimated at 12.6 million bales, and the carryover on August 1, 1954 is expected to be close to 9 million bales. This is about equal to a full year's domestic mill consumption.

Exports of cotton during August and September, 1953 totaled 393 thousand bales, compared with 347 thousand a year earlier. However, domestic mill consumption from August 1 through October 31 was about 4 percent smaller than that of approximately the same period in the preceding season.

Entries into the Commodity Credit Corporation loan through November 13 amounted to 3.4 million bales, compared with 239,000 by approximately the same date in 1952. The average price for Middling, 15/16 inch cotton at the 10-spot markets was below the loan rate at these markets in August, September, and October. It remained below the loan rate in the early part of November. On November 19 it was 32.71 cents per pound, compared with the average loan rate at these markets of 32.99 cents. During the first part of last season, prices were above support levels.

WOOL

Prices of wool in both domestic and foreign markets were fairly stable between mid-October and mid-November. Prices at the Australian auctions fluctuated near the closing levels of last June. Boston quotations for most imported and domestic wools at mid-November were the same as a month earlier. Prices received by domestic growers at mid-October averaged 53.2 cents per pound compared with 52.9 cents the month before.

Revised estimates of the Commonwealth Economic Committee indicate that total consumption in 11 of the major consuming countries declined sharply after the first quarter of this year after increasing for 6 successive quarters. However, the rate of consumption continued above a year earlier through the third quarter.

Use of apparel wool by domestic mills during August was down slightly from a year earlier--the first month this year for which the rate was below a year earlier. Although the total quantity used during January-August was about 15 percent above last year, imports for consumption during the same months were about 21 percent below last year, probably reflecting a larger movement of domestic wool into manufacturing channels and a reduction in stocks. The rate of consumption of carpet wool continued

above last year during August. Consumption through August totaled about 20 million pounds, scoured basis, or about 28 percent over last year. The increase of 43 percent over last year in imports for consumption, about 29 million pounds, clean, reflected an increase in stocks as well as the larger consumption.

TOBACCO

The 1953 crop of Burley starts to auctions on November 30. The crop is 12 percent smaller than last year's record but the increase in carryover raises the total supply for 1953-54 a little above the 1952-53 level. The support price is 46.6 cents per pound--6 percent lower than a year ago. The major share of Burley is used in cigarettes. During January-August 1953, the number of cigarettes consumed domestically averaged about 1 percent below the record high for those months last year.

The great bulk of the flue-cured crop has been marketed. Prices through mid-November averaged 54.1 cents per pound--8 percent above last season's average.

Auctions for some types of fire-cured and dark air-cured tobacco will begin around December 1. Marketing quotas for the 1954 crops of flue-cured, Burley, fire-cured, and dark air-cured tobacco will be announced by the Secretary of Agriculture by December 1. Price supports will be at 90 percent of parity for flue-cured, Burley, and cigar filler and binder (types 42-44 and 51-55) and 75 and 66-2/3 percent of the Burley support level for the fire-cured and dark air-cured, respectively.

On October 29, growers of cigar filler and binder (types 42-44 and 51-55) voted in favor of marketing quotas for the next 3 years. For Maryland tobacco (type 32) and Pennsylvania filler (type 41), growers disapproved quotas, and the 1954 crops of these two types will not receive Government price support.

The 1953 crop of Connecticut Valley binder tobacco has been mostly sold at prices averaging above last season. Cigar consumption in January-August 1953 was indicated at about 1½ percent above January-August 1952.

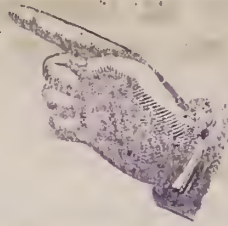
In the first 9 months of 1953, total exports of unmanufactured tobacco were almost one-fourth above those in the same months of 1952, mainly because Britain postponed shipments that normally would have occurred last fall to the first half of this year.

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